

**1/29/79 [2]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 1/29/79 [2]; Container 104

To See Complete Finding Aid:

[http://www.jimmycarterlibrary.gov/library/findingaids/Staff\\_Secretary.pdf](http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf)

# WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Brzezinski to The President (2 pp.) re: U.S.-Chinese Economic Committee	1/26/79	A
memo w/ att.	From Blumenthal to Vance et al. (3 pp.) re: Jackson-Vanik Amendment/enclosed in Hutcheson to Blumenthal 1/29/79	1/26/79	A
memo	<del>From Young to The President (1 page) re: Weekly Activities of US Mission to the UN</del> <i>Opened per RAC NLC - 126-16-14-1-8, 7/29/13</i>	1/26/79	A
memo	From Brown to The President (3 pp.) re: Weekly Activities of the Dept. of Defense/enclosed in Hutcheson to Mondale 1/29/79	1/26/79	A

## FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File  
1/29/79 [2] BOX 117

## RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

SECRET



**PRESIDENTIALLY DIRECTED**

**NO-NOTICE**

**MILITARY EXERCISES**

Classified by           DIRECTOR, J-3            
SUBJECT TO GENERAL DECLASSIFICATION  
SCHEDULE OF EXECUTIVE ORDER 11652  
AUTOMATICALLY DOWNGRADED AT TWO  
YEAR INTERVALS  
DECLASSIFIED ON DECEMBER 31       1985      

COPY 9 OF 100 COPIES

SECRET

DECLASSIFIED

EX-100-10-1000

DECLASSIFIED ON 10-24-1984

DECLASSIFIED BY 1000-1000

THE WHITE HOUSE  
WASHINGTON

1/29/79

Charlie Schultze

The attached was returned in the President's  
outbox and is forwarded to you for appropriate  
handling.

Rick Hutcheson

210 E.W.

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

LOG IN/TO PRESIDENT TODAY

IMMEDIATE TURNAROUND

NO DEADLINE

LAST DAY FOR ACTION

ACTION

FYI

ADMIN CONFIDENTIAL

CONFIDENTIAL

SECRET

EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE



THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

January 18, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze <sup>CLS</sup>

SUBJECT: Limitations on Agency Procurement

At Monday's Cabinet meeting you asked me to investigate further Secretary Califano's observation that HEW is sometimes barred from efficient procurement practices by specific statutory restrictions. This memo responds to that request.

I asked Secretaries Califano, Adams, and Brown to identify any restrictions on competitive procurement that affect their agencies, which are among the major Government purchasers of goods and services. Their responses were:

-- Secretary Califano noted that existing legislation places substantial restrictions on HEW's ability to seek competitive bids on Medicare claims processing. HEW is using experimental authority to solicit competitive Medicare bids in two states. Congress also has directed HEW to give contracts to specific organizations, , in one case directing educational television funds to a particular television station and in others directing research contracts to specific research institutions. Finally, Secretary Califano noted that Medicare laws restrict Health Maintenance Organizations from active participation in medicare, thereby limiting competition and more effective delivery of health care. As he noted at Thursday's meeting on the National Health Plan, HEW is now evaluating steps to deal with this particular problem.

-- Secretaries Brown and Adams did identify many well-known limitations on their agencies' ability to procure at the lowest prices, among them: "Buy American" statutes, cargo preference rules, set-asides for minority contractors or small businesses, or directives to purchase products made in prisons or by the blind. They did not, however, identify any specific restraints on particular contracts or limitations on competitive procurement of the sort that Secretary Califano reported.

Electrostatic Copy Made  
for Preservation Purposes

My staff discussed this situation with the Office of Federal Procurement Policy at OMB. The judgment of OFPP, which is borne out by my brief survey of these three agencies, is that the particular problems encountered by HEW -- laws barring competitive procurement -- are relatively rare in other agencies and relatively insignificant in terms of budget impact.

At the same time, OFPP acknowledged that very specific anti-competitive restrictions in legislation are objectionable. The Administrator of OFPP therefore suggested, and I agree, that in upcoming Congressional oversight hearings he will stress these concerns and urge the Congress to avoid actions that inhibit bid competition and the ensuing cost savings to the Government. *ok*

**Electrostatic Copy Made  
for Preservation Purposes**



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

January 29, 1979

C  
1

MEMORANDUM FOR: Tim Kraft

FROM: Hubert L. Harris, *HLH*  
Tim Finchem

SUBJECT: Today's Lunch with Mayor Richard Davis -  
New Virginia Democratic Chairman

TALKING POINTS:

1. J-J Dinner

Davis will be interested in some response in Virginia's request for the President to do their J-J Dinner.

Virginia has not set date yet (mid Feb. - mid April), trying to remain flexible for President's schedule. Because they have so much riding on this dinner, we should begin to let them down easy if the President is not going to do it - perhaps offer help getting Vice President.

2. Organizational Help

Davis will have met with John White at 9:30 this morning.

Davis has little experience in state-wide political organization and probably would welcome any offers for technical assistance and/or advice from your staff or DNC - probably working with his AA/Bobby Watson.

3. Delegate Selection - 80

Davis may or may not be at all familiar with the April 15 deadline for State DSP's to be filed with the CRC - however, it would possibly be wise to discuss with him the advantage to the highest possible candidate preference threshold at the mass meeting/caucus level.



4. State Finances - '80 General

The importance of Virginia developing the ability to provide maximum financial assistance to Federal nominees in the 1980 General should be stressed.

The argument can be made that had the Virginia Democratic Party spent for Carter what the Virginia Republicans did for Ford in 1976 - we would have carried the State - since they spent the maximum allowance and we spent zero.

cc:  
Phil Wise

THE WHITE HOUSE  
WASHINGTON

December 22, 1978

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*  
ARNIE J. MILLER *AM*

SUBJECT:

Tennessee Valley Authority

*3:45pm. Ham - Check.  
This & then see  
me re these  
retired gentlemen*

*J*

*C*

The final vacancy on the TVA Board of Directors is the remaining term of Bill Jenkins, which expires on May 18, 1981.

As we stated in our memorandum of October 6, there are several constituencies that have actively lobbied for representation in this third appointment. These constituencies include State delegations (Kentucky, Tennessee), Blacks, Women, and traditional TVA supporters. No single appointment you could make, would satisfy all of their varied interests.

Senator Sasser recently asked you to consider Bob Clement of Tennessee as a candidate for TVA. He was interviewed by the Presidential Personnel Office and it is our opinion that he does not satisfy the qualifications we believe you desire. We are seriously considering him for another position at this time.

TRADITIONAL TVA SUPPORTERS

The strongest constituency and the one we feel you must address is that of the conservative, traditional TVA supporters. This group, made up of most business and political leaders, stresses the need to "balance" the TVA Board with this third appointment.

Jim Free has worked with us to surface prominent Valley candidates that would have a comforting and stabilizing effect over this constituency. From this list we have three candidates for your consideration:

CONGRESSMAN ED JONES (Yorkville, Tennessee):

If any area of expertise is presently lacking on the TVA Board, it is that of agriculture.

Congressman Jones has more than forty years of agricultural experience, including four years as the Tennessee Commissioner of Agriculture.

Electrostatic Copy Made  
for Preservation Purposes

He is 67 years old. His first interest in an appointment to TVA came under the Truman Administration. As a result of this initial interest, he has continued throughout his career to devote much time and energy toward the success of the TVA.

Attached is a letter written to you by Congressman Jones on May 23, 1978, which expresses his feelings on TVA. We feel Jones would welcome this two year appointment to cap his career, and Jones has indicated that he would seriously consider it.

Jim Free, Chairman David Freeman, and Ned McWherter (Speaker of the House of Tennessee) concur that Congressman Jones is probably the best appointment you could make to TVA, at this time.

If you were to nominate Congressman Jones, a special election would be required. It is likely that the seat will remain Democratic. However, the recent election of a Republican Governor, and the possible indictment of Ray Blanton may jeopardize Jones' seat.

LUCIUS BURCH (Memphis, Tennessee):

Lucius Burch is 66 years old. He has a reputation in the Valley of unquestioned integrity and stature. He is presently a partner in the law firm of Burch, Porter, & Johnson.

Burch would receive support from the environmental community. He was a member of the first Game and Fish Commission in Tennessee, a former President of the Tennessee Conservation League, and member on the Tennessee Environmental Council. Although a strong conservationist, he is also the Regional Counsel for Exxon and serves on the Board of United Tennessee Bankshares Corporation and the National Bank of Commerce in Tennessee, giving him credibility with those more interested in development.

He is well known for his support and friendship with Estes Kefauver, and his progressive work on civil rights. Along with being a founder of the Memphis Committee on Human Relations, he represented Dr. Martin Luther King (free of charge) on the day of the sanitation worker's strike.

Burch has the respect of all the Tennessee leaders and would be a comfort to the Black population. However, his appointment may not be sufficiently reassuring to the traditional TVA supporters.

NED BREATHITT (Washington, D.C.):

Age 64. Breathitt is presently Vice President of Public Affairs for the Southern Railway System. Although he is not presently a resident of the Valley, his tenure as Governor of Kentucky (1963-1967) endeared him to the residents of the State of Kentucky. There is little doubt that he would fit the criteria of a "Valley native."

As we have stated several times, Al Smith has been the consensus candidate from Kentucky. Breathitt would have unanimous support from both Kentucky's leadership and that of the Valley.

There is some question as to whether Breathitt would accept this appointment. He has been successful in his present position. It would probably take some pressure from you to encourage his acceptance.

RECOMMENDATIONS

We believe that any of these candidates would serve the Administration and TVA well.

We have a slight preference for Congressman Jones for the reasons indicated.

If you decide to further consider Lucius Burch, we recommend you see him.

If your decision is either Jones or Breathitt, we recommend that you ask them personally.

ACTION

Schedule an appointment with:

\_\_\_\_\_ Congressman Ed Jones  
\_\_\_\_\_ Lucius Burch  
\_\_\_\_\_ Ned Breathitt

## COMMENTS ON LUCIUS BURCH

Jim Free: Mr. Burch is a Memphis attorney who has long been noted as a conservationist and active community leader. He was considered for Secretary of the Interior by our Administration. He would be hailed by all as an outstanding choice for the two year appointment.

Mike Cody, (U.S. Attorney, Memphis, Tennessee):

I have known lucius for 18 years. He has an exceptional and insightful mind. He is a liberal, yet the kind of person that is sensitive to the difficult decisions the President must make during this time of high inflation. He is a very strong person.

Ned McWherter, (Speaker of the House, State of Tennessee):

Lucius Burch is a famous name here in the Valley. He is an environmentalist and a liberal thinker and one of my closest and dearest friends. I have nothing at all bad to say about Lucius Burch. He is one of the most respected men I know in the Valley.

COMMENTS ON NED BREATHITT

Jim Free:

He is the former Kentucky Governor and could be the best appointment to calm the waters. He would be loyal to the Administration but would settle the fears that now exist in the Valley.

Amon Carter Evans, Owner of the Nashville Tennessean:

Breathitt would be a good appointment. He is certainly well respected and known in the Valley.

Dick Freeman, Board Member, Tennessee Valley Authority:

Ned would be great. I have known him for years. They don't come any better.



THE WHITE HOUSE  
WASHINGTON

1/29/79

Zbig Brzezinski

The attached was returned in the President's outbox today and is forwarded to you for your information and appropriate handling. Please forward a copy of the attached to Sec. Vance.

Rick Hutcheson

*The Coca-Cola Company*

ATLANTA, GEORGIA

J. PAUL AUSTIN  
CHAIRMAN OF THE BOARD

ADDRESS REPLY TO  
P.O. DRAWER 1734  
ATLANTA, GA. 30301  
(404) 898-2121

January 19, 1979

To 3615  
cc cy  
J

Mr. Charles H. Kirbo  
King & Spalding  
2500 Trust Company Tower  
Atlanta, Georgia 30303

Dear Charlie:

Ferdinand Marcos, President of the Philippines, has sent word to me through a mutual friend (Alex Melchior) that he would be delighted to have the opportunity to visit with President Carter when the President makes his trip through the Eastern Pacific area.

President Marcos would also be amenable to paying a visit to the President at some time mutually convenient to both men. For example, President Marcos has accepted an invitation for a speaking engagement at the University of North Carolina at a date to be determined this spring.

President Marcos did not communicate directly with the White House because he wants the visit to remain completely informal and unofficial.

Kind regards.

Sincerely,



JPA:lt

Electrostatic Copy Made  
for Preservation Purposes

CONFIDENTIAL

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-16-14-1-8

BY 157 NARA DATE 7/9/13

TO: President Carter  
THROUGH: Rick Hutcheson  
FROM: Ambassador Young  
SUBJECT: U.S. Mission Activities - January 19 - January 25

AHTISAARI RETURNS FROM NAMIBIA - Ahtisaari and his staff returned to New York this week from Namibia and South Africa and he reports that significant progress has been achieved. Ahtisaari will travel this coming weekend to Zambia, Angola, Tanzania and Botswana for consultations on the practical aspects of implementation of the proposal.

UN SECURITY COUNCIL RENEWS MANDATE FOR UNIFIL FOR FIVE MONTHS

ECOSOC - COMMITTEE OF THE WHOLE (COW) - The Committee of the Whole met throughout the week in a resumed session of its main meeting. Most of the time was spent on negotiation of a text based on the May discussions on transfer of resources. When these discussions terminate, the Committee is scheduled to elect a new bureau and determine its program of work for 1979.

UNGA - RESUMED SESSION - The Fifth Committee continued consideration of the various financial implications that were left over from the first session of the General Assembly. The final meeting of the Committee was delayed but it is envisaged that work will be completed by January 26. The U.S. will vote against the increases in the UN budget.

VIETNAM/KAMPUCHEA - On the basis of our consultations here and in capitals, we had concluded that a move to take the question up in the General Assembly is not feasible at this time. We still believe, however, that the issue should be kept alive in the UN context. Therefore, we are still interested in the possibility of reopening it in the Security Council.

U.S./CARIBBEAN AMBASSADORS MEETING - USUN participated in the Conference of U.S. Ambassadors and AID Directors in Santo Domingo, concerning U.S. policy and economic assistance to the Caribbean region. Participants reviewed the U.S. Caribbean strategy and made recommendations concerning the future thrust of U.S. policy, particularly at the June 1979 World Bank-sponsored meeting on development.

AMBASSADOR YOUNG HOSTS VICE PRESIDENT OF THE DOMINICAN REPUBLIC During informal meeting with Ambassador Young, Vice President Majluta discussed problems in the Dominican economy, cultural and sports exchanges and future of Dominican tourism industry.

AMBASSADOR YOUNG'S OTHER MEETINGS

1/19 Interview with Der Spiegel, Koryne Horbal, Gloria Steinem on Advisory Commission on Women, Lowell Flanders and Theodore Kheel on Americans in the U.N. system, Interview with Gertrude Anjlung, Swedish newspaper, Cong. Stephen Solarz on House Africa Sub-Committee.  
1/22 Haskell Ward, new Deputy Mayor of NYC, 1/23 Amb. Nicolas Katapodis (Greece), 1/24 Louis Martin, Senior Black Staff Meeting, Members of Congress for Peace Through Law.

THE WHITE HOUSE  
WASHINGTON

1/29/79

FOR THE RECORD:

the attached was returned today  
from the President and a copy of  
the attached was returned to Stu.

THE WHITE HOUSE  
WASHINGTON

January 26, 1979

*Stu -  
See if Jack  
will do this work  
it out - J*

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
AL STERN  
SUBJECT: U.S. Territories

In your statement on November 8, 1978, in the message of disapproval for H.R. 13719 - Tax Loss Offsets for Guam and the Virgin Islands - you said, "... I am directing the Secretaries of the Interior and the Treasury to study the financial situation of both the Virgin Islands and Guam and to recommend a plan designed to help those governments achieve a higher degree of financial stability."

The well-being of U.S. territories has visibility out of proportion to their size. Individually the territories are resource poor and if total economic dependence on the Federal Government is to be avoided, maximum development of these limited resources must be encouraged. It is important to carefully administer their development.

The Omnibus Territories Bill H.R. 6550, signed October 15, 1977, opens participation to them in many federal programs scattered over many agencies and departments. If we are to see that these programs are usefully employed in the relatively isolated context of the territories, some planning and coordinating mechanism is important. Therefore, in coordination with the Interior Department, we are initiating and will closely monitor an interagency study of territorial policy which will develop solutions to three problems.

1. Developing a coherent structure of financing for the territories.
2. Analyzing the potentialities of economic development in the territories.
3. Proposing a federal mechanism for coherent implementation of territorial policy.

This study will follow-through on your directives. The NSC staff has approved the study.

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

ACTION  
FYI

# VICE PRESIDENT

JORDAN  
EIZENSTAT  
KRAFT  
LIPSHUTZ  
MOORE  
POWELL  
RAFSHOON  
WATSON  
WEXLER  
BRZEZINSKI  
MCINTYRE  
SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

*San has copy*



THE WHITE HOUSE

WASHINGTON

January 26, 1979

C  
1

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Domestic Policy Staff Weekly Status Report

ENERGY

CRBR: Strategy memorandum seeking guidance on how we might resolve current CRBR impasse will be to you the week of January 29.

Oil Pricing: We are continuing follow up work on options development and analysis.

Gasoline Decontrol or Other Corrections: Working with DOE, Fred Kahn, Schultze, and EPA to analyze options and impacts. Memorandum to you within the next three weeks, unless there are further complications by the Iranian situation.

Solar Energy Message: Decision memorandum to you by February 12. Message is now scheduled for week of February 19.

NATURAL RESOURCES

Alaska: Coordination efforts continue. Secretary Andrus and Assistant Secretary Rupert Cutler (Forest Service) will appear before the House Interior Committee on February 1.

Water Policy: We are working with Frank Moore's office, OMB and Interior to clear water policy legislative items and to develop legislative strategy. Administrative implementation continues.

RARE II: Secretary Bergland is continuing consultation.

Endangered Species: Under the review committee procedures established in the recent amendments, Tellico Dam was denied an exemption and Grayrocks Dam (Wyoming, REA-financed) was granted an exemption contingent on protection of whooping crane habitat through an existing legal settlement. Both votes were unanimous.

Electrostatic Copy Made  
for Preservation Purposes

## HOUSING AND URBAN DEVELOPMENT

New York City Finances: The City completed negotiations this week on a public sale of City notes on favorable terms, the first public sale of City debt since 1975. Also, Treasury is completing its review of the City's plan to close its 1980 budget gap and will be forced to find that there will be shortfalls in "anticipated" Federal aid. However, the Mayor knows this, we have been helping him on other "administrative" items, and his public characterization of the Administration's budget has been moderate and balanced.

Consolidation of the Banking Regulatory Agencies: Shortly Senator Proxmire will introduce this legislation, which is his highest priority. Decision memo to you by February 9.

Regulation Q Banking Reforms: For the past year an interagency task force has been reviewing options to modify Regulation Q, options which generally would involve raising the interest rates available to small depositors in financial institutions. The banking regulatory agencies are now considering moving unilaterally to make their own reforms, which would probably produce minimal benefits for small savers, and which might preclude White House involvement in either the development or announcement of any decision. We have asked Treasury to explore how the option of White House involvement in this issue can be held open.

## DRUG POLICY

Mexico: The Mexican Government continues its aggressive narcotics suppression program. Recently, Lee Dogoloff of my staff accompanied Congressmen Wolff and Gilman on a mission to Mexico and met with the Attorney General and military and other government officials associated with the narcotics suppression program. Relying mainly on a herbicide eradication program, the Mexicans with our assistance (\$18.5 million in 1978) have reduced the annual amount of heroin coming into the U.S. by two tons. However, three tons still enter from Mexico each year. We will be working with the NSC to prepare a detailed update for the briefing book for your trip.

### Strategy 1979

The Federal Strategy for Drug Abuse and Drug Traffic Prevention 1979 is now being printed. The Strategy outlines the goals and plan of the Administration for drug abuse control in the health, enforcement, and international fields. I have asked Fran Voorde to block out a few minutes on your calendar for you to receive the document from the Federal Strategy Council on Drug Abuse. We will provide you with briefing points.

### HEALTH

Hospital Cost Containment: HEW is reworking the Nelson Amendment which passed the Senate last year. No final decision on the details of the legislation can be made until the Commerce Committee chooses the chairman of its Health Subcommittee. That vote is now scheduled for January 30.

National Health Plan: We have asked HEW to prepare a timetable for carrying out the consultations you requested.

We have learned that Senators Long and Ribicoff are planning to split their bill into two separate pieces of legislation -- one covering catastrophic protection and standards for private insurance, the other covering federalization of Medicaid. This change undoubtedly reflects the fact that the original Long-Ribicoff bill is now extremely expensive.

### HUMAN RESOURCES

ACTION: Reauthorization legislation for VISTA as well as the urban initiatives should be ready next week. Hearings are scheduled to begin the first week of February in the Senate and by Mid-February in the House.

Veterans: As recommended in the Vietnam Veteran PRM, we have convened an 8-agency coordinating committee to implement the PRM, coordinate veterans programs, and develop an 8-10 city outreach program targeted to underserved Vietnam veterans.

Welfare Reform: We have begun consultations based on your \$5.5 billion decision. Almost all key members of Congress and interest groups acknowledge that an incremental package roughly like ours is desirable, and that they would prefer to work with us on a broadly acceptable vehicle rather than introduce several competing bills. Problems emerging already, all of which we expected: Corman wants to add the food stamps cash out for SSI recipients because it is "true reform", and he objects to the very restrictive cash program for two parent families; Moynihan and Rangel would like more fiscal relief; Long objects to a national minimum benefit and to mandating two-parent coverage. On balance, we are very encouraged. Further consultations will proceed.

Social Security and Disability Reform: Although Chairman Ullman is generally supportive, he sees no possibility of enacting the social security proposals this year. Current plans are for early consideration of disability reform, but no hearings on the OASI proposals and tax roll back until the fall.

URBAN POLICY

We are working with Treasury to finalize the countercyclical and targeted fiscal assistance programs. We should be ready to begin Congressional consultations next week.

OMB and we are developing proposals for the National Development Bank legislation and EDA reauthorization. Final decisions on these legislative initiatives will be made as part of the economic development reorganization.

Bizz Johnson, Chairman of the House committee handling the EDA reauthorization, has written you a letter promising to push for the National Development Bank if it is folded into EDA within Commerce -- which is one of the two options before you.

We are working with Treasury to develop a PRM on the General Revenue Sharing issue. This issue is the top priority of most State and local officials and we should begin work on reauthorization immediately.

I met with Mayors this week to discuss the budget. There is concern about some budget cutbacks, and particularly CETA. I did my best to allay their concerns in my speech to them and had some modest success.

GOVERNMENT REFORM

Lobby Law Reform: We have been working with Justice, Frank's staff and OMB on strategy. Congressman Danielson has already introduced a bill in the House, and we have discussed with Senator Chiles' staff the possibility of him taking the lead in the Senate. We are also meeting with key interest groups and discussing controversial policy issues.

Judicial Reform: We are working with the Justice Department on a Judicial Reform initiative to cut costs and increase efficiency in the Federal courts. Decision memo to you by February 12. Justice is also working closely with Senator Kennedy's staff.

Election Reform: Decision memo to you within a few days.

Federal Pay Reform: OMB and OPM will submit a decision memo to you shortly. However, a number of political and policy issues are still being discussed in light of the opposition of Federal employee unions and their supporters on the House Committee. We are closely following this.

Civil Service Reform: OPM continues to work closely with the agencies in implementing the civil service reforms which passed last year.

#### AGRICULTURE AND RURAL DEVELOPMENT

1979 Rice Program: A decision memorandum is on the way. All advisors are recommending against a set-side program for the 1979 crop, largely because existing set-aside authority for rice makes it an ineffective means of curbing production.

Sugar Legislation: Your advisors met on Friday to discuss the major remaining issues and will be recommending an Administration position to you within the next few days.

#### CIVIL RIGHTS AND JUSTICE

Title VIII - Civil Rights Act of 1968: Now that you have approved support of cease and desist authority for HUD, we will review the Edwards-Drinan bill very carefully to make sure we don't need to go with a bill of our own. With Jody's concurrence, I have asked Secretary Harris to brief the black press on this matter.

FBI Charter: Justice Department has about wrapped up its negotiations with Senator Kennedy's staff. Late this week or early next week we hope to have a final version on which the Attorney General, Judge Webster, and Senator Kennedy concur. It will then go through OMB's clearance process.

Conglomerate Mergers: Discussion with major interested agencies will be scheduled for early in the week of January 29. They will be asked to supplement their earlier submissions no later than February 15, in accordance with your recent decision.

Refugees: Justice and State have reached agreement on a bill which would replace the ad hoc parole programs currently being used. They have consulted closely with both houses of Congress. HEW is preparing a section on resettlement assistance. This will come to you shortly.

#### MISCELLANEOUS

At Jody's request, I joined Zbig in briefing the press on the State of the Union speech and the State of the Union Message -- taking, of course, the domestic portions. Jody felt they went well.

THE WHITE HOUSE  
WASHINGTON

1/29/79

Bob Lipshtuz  
Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder



THE WHITE HOUSE  
WASHINGTON

January 29, 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: BOB LIPSHUTZ  
STU EIZENSTAT  
SUBJECT: CAB Decisions

1. Aero Trades (Western) Ltd.  
Docket 33696  
Due Date: March 3, 1979  
  
Lake Airways Limited  
Docket 33616  
Due Date: March 3, 1979  
  
Nordair LTEE-Nordair Ltd.  
Docket 31704  
Due Date: March 3, 1979

These are routine, noncontroversial cases permitting new authority to U.S., Canadian, and European points. All agencies recommend that you approve the Board's decisions by signing the attached letter to the Chairman indicating that you do not intend to disapprove the CAB's orders within the 60 days allowed by statute.

Approve ✓

Disapprove \_\_\_\_\_

2. Increased International Excess Baggage Charges Proposed by American Airlines, Inc., and Pan American World Airways, Inc. Dockets 34224, 34516

The CAB proposes to suspend for 1 year excess baggage charges proposed by Pan American, while allowing the excess baggage charges by American Airlines to go into effect. American Airlines' proposed charges do not exceed the amount derived from the CAB's formula developed for international excess baggage charges, while Pan American's do exceed the formula amount.

All agencies and we recommend that you take no action and allow the CAB's order to go into effect. The Board's decision becomes final unless you disapprove it on or before January 29, 1979.

Approve ✓

Disapprove \_\_\_\_\_

THE WHITE HOUSE

WASHINGTON

To Chairman Marvin Cohen:

I have reviewed the following orders proposed by the Civil Aeronautics Board:

Aero Trades (Western) Ltd.  
Docket 33696

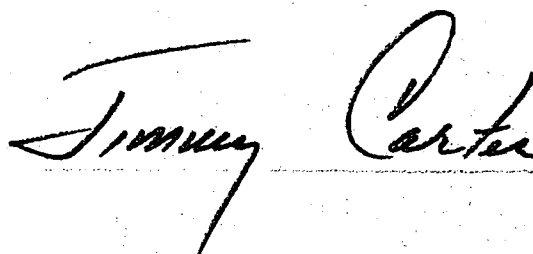
Laker Airways Limited  
Docket 33616

Nordair LTEE-Nordair Ltd.  
Docket 31704

I do not intend to disapprove the Board's orders within the 60 days allowed by statute.

Sincerely,

Honorable Marvin S. Cohen  
Chairman  
Civil Aeronautics Board  
Washington, D.C. 20428

A handwritten signature in cursive script, reading "Jimmy Carter", written over a horizontal line.

THE WHITE HOUSE  
WASHINGTON

1/29/79

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: Frank Moore  
Zbig Brzezinski  
Jim McIntyre  
Charlie Schultze  
Esther Peterson

1979 RICE PROGRAM

THE WHITE HOUSE

WASHINGTON

January 25, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
LYNN DAFT *Lynn*

SUBJECT: 1979 Rice Program

In the attached memorandum, Secretary Bergland recommends that no set-aside or land diversion program be instituted for the 1979 rice crop. The Working Group on Food and Agricultural Policy, which includes OMB, CEA, STR, NSC, and the Departments of Agriculture, State and Treasury, unanimously concur in this recommendation.

A record crop in 1978, here and abroad, has resulted in a significant increase in ending stocks and a sharp drop in price. And, although production is expected to fall slightly in 1979 as a result of these lower prices, stocks in the U.S. will become even larger as production continues to outpace use.

Although this suggests a possible need to restrain production, the existing set-aside authority for rice is so constrained by requirements as to make it ineffective as a means of reducing rice acreage. First, the Act requires that the national acreage allotment be fixed at 1.8 million acres. Only that production from allotment acreage is eligible for loans, deficiency payments, and disaster payments. Nevertheless, over 3 million acres were planted to rice in 1978 and plantings of 2.7 million are expected in 1979. Second, existing law requires that no more than 30 percent of the 1.8 million acre allotment can be set-aside.

Finally, there is no requirement that the diverted acreage result in reduced plantings of rice. The only requirement is that a specified number of acres be removed from production, irrespective of the crops that had actually been grown on them. Since the net return to rice is expected to be favorable compared to that of alternative crops, it is estimated that nearly 90 percent of the reduced acreage planted under a set-aside program would come from crops other than rice, principally soybeans. As a result, a set-aside program would not materially reduce rice production.

Under existing law, the only means of measurably reducing production would be through use of a 30 percent set-aside in combination with a 30 percent paid diversion. But even this extreme measure would not materially alter the supply/demand balance. Thus, it too was rejected by your advisors.

Secretary Bergland is evaluating opportunities for increasing commercial and PL 480 rice exports to help alleviate the problem of excessive supply, although major increases in exports appear unlikely. In addition, we have begun forming a farmer-owned rice reserve of up to 8 million hundredweights to help isolate some of the supply from the market. We will also examine the need for a legislative proposal to improve the effectiveness of the set-aside program as it is applied to rice. However, we are not certain that the politics of this situation warrant such a proposal at this time.

We join the other members of the Working Group in recommending that you approve Secretary Bergland's proposal that there be no set-aside or land diversion program for the 1979 rice crop.

Decision

☒ Approve (USDA, State, Treasury, OMB, CEA,  
STR, NSC, Esther Peterson, DPS)

☐ Disapprove

*J*

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

1/29/79

Mr. President:

Congressional Liaison comments that the Vice President and Secretary Bergland have had meetings with Bumpers and Pryor on this issue. Since Arkansas producers favor a set-aside, Secretary Bergland must convey to them this decision and the rationale for it. Communication with the Senators from Arkansas and other rice states is absolutely necessary.

Rick





DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20250

MEMORANDUM FOR THE PRESIDENT

SUBJECT: 1979 Rice Program

The Working Group on Food and Agricultural Policy has considered the pros and cons associated with set-aside and land diversion programs for the 1979 rice crop, and has recommended that no set-aside or land diversion program be instituted in 1979. The Working Group memorandum is attached.

The current rice outlook for 1978/79 indicates a record U.S. and world crop and declining prices. Because of strong prices last spring, rice producers expanded acreage by a third. Despite reduced beginning stocks, the U.S. 1978 record harvest was more than offsetting and 1978/79 total rice supplies are record large. Given only a modest change in utilization, 1978/79 ending rice stocks are likely to double with season average prices declining to \$7.25-\$7.75 per hundredweight. Such a season average price would compare to about \$9.43 per hundredweight in 1977/78 and \$7.02 per hundredweight in 1976/77. Because of this supply-demand situation, a farmer-owned rice reserve for immediate entry of 8 million hundredweights of the 1978 crop was authorized in order to isolate some of the excess supplies from the market, and thereby temper the decline in rice prices. About 90,000 hundredweights have been placed to date. We also have pursued opportunities to strengthen commercial as well as PL-480 rice exports through U.S. government programs as well as through efforts of the rice producer and trade groups.

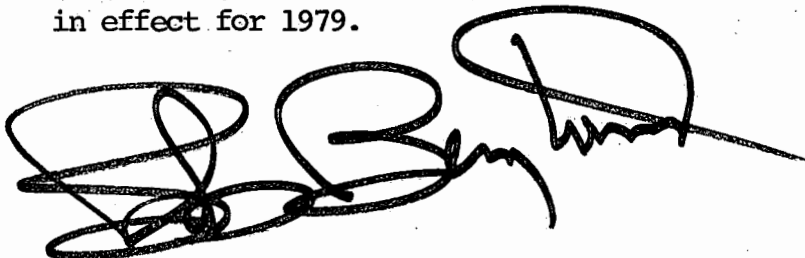
The outlook for the 1979 crop in the U.S., in the absence of a set-aside or diversion program, indicates a reduction in rice plantings of about 11 percent because of the decline in the farm price of rice and the more favorable prices for alternative crops. Nevertheless, given the large carryin stocks from 1978, another record total supply is expected. Although there is uncertainty over world supply and demand conditions and U.S. exports, the projected most likely outcome for 1979, with no set-aside or diversion program, is for a season average price of about \$7.00 per hundredweight, slightly above the loan level of \$6.79 per hundredweight.

Given the outlook for the 1979 crop, several set-aside and land diversion program options were analyzed. It should be noted that a set-aside program requires only rice allotment holders to reduce acreage. Moreover, a set-aside program by law cannot be greater than 30 percent of the farm allotment. The national acreage allotment is fixed at 1.8 million acres, and therefore, if all allotment holders participated in a 30 percent set-aside based on their allotment, they would have to set aside 540,000 acres to be eligible for program benefits. Non-allotment holders would not be required to reduce acreage under a set-aside.

Acreage planted specifically to rice by allotment holders or non-allotment holders cannot be limited under the set-aside provisions. With a set-aside in effect, allotment holders would be expected to plant their full allotment because the target price for rice will be around \$9 per hundredweight, which is above the cost of production for most allotment holders, and 25 to 30 percent above the expected market prices. The net return on rice is high enough relative to the expected return from other crops to encourage many allotment holders to plant rice in excess of their allotment. Therefore, with a set-aside in effect, most of the reduction in acreage planted in 1979 by allotment holders would be in crops other than rice. The conclusion is that a rice set-aside program is not an effective means of reducing rice acreage. A combination set-aside/land diversion program would only be marginally better than a straight set-aside program.

For these reasons, all members of the Working Group are opposed to a set-aside or paid land diversion program for rice. A majority of the comments received from rice producers also favored no set-aside. A large group of producers from Arkansas favored a set-aside program if it would apply to all rice produced. However, the legislation does not provide me with this authority. A set-aside program can only be applied to the allotment acreage.

We have indicated to members of Congress and the rice industry that we would announce a decision on the 1979 rice program by mid-January. If you concur in the Working Group's recommendation, I would like to announce this week that there will not be a set-aside or land diversion program in effect for 1979.

A large, stylized handwritten signature in black ink, appearing to read 'Bob Bergland', is written over the typed name and title.

BOB BERGLAND  
Secretary

Attachment



DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20250

January 17, 1979

SUBJECT: 1979 Rice Program  
TO: Secretary Bergland  
FROM: Working Group on Food and Agricultural Policy

1. Action Needed

The following provisions are to be determined for the 1979-crop rice program:

- A. Set-aside program
- B. Land diversion payment program
- C. Target price
- D. Loan and purchase rate

There are no statutory dates for the announcement of these provisions. Program announcements should be made soon to give producers adequate time for making planting decisions and planting arrangements.

2. Rice Situation

A. Current 1978/79 Situation

The current situation for 1978/79 indicates a record U.S. and world crop, a continued high level of trade and declining prices. In response to strong prices prevailing during the spring of 1978, U.S. producers expanded their 1979 rice plantings by a third. The U.S. 1978 crop is estimated at 138 million hundredweights, 39 percent larger than the previous year. The large increase in the U.S. rice acreage can be attributed both to rice allotment holders who planted in excess of their allotment and to producers with no allotment who upped their plantings, particularly in the Arkansas and Mississippi areas.

U.S. rice stocks at the beginning of the 1978/79 marketing year totalled 27.4 million hundredweights, down a third from the record 40 million hundredweights of a year earlier. Currently, CCC stocks total 11 million hundredweights. Despite reduced

beginning stocks, the U.S. 1978 record harvest is more than offsetting and 1978/79 total rice supplies are a record large 165 million hundredweights.

U.S. utilization may increase somewhat due to a modest increase in domestic use. Nonetheless, the 1978/79 ending stocks are likely to double to around 54 million hundredweights and season average prices to decline to \$7.25 - \$7.75 per hundredweight. Such a season average price would compare to about \$7.85 per hundredweight for the first five months of the 1978/79 marketing year, \$9.43 per hundredweight in 1977/78, \$7.02 per hundredweight in 1976/77 and \$8.35 per hundredweight in 1975/76. Because of this supply-demand situation, a farmer-owned reserve for immediate entry of the 1978 crop was authorized in order to isolate some of the excess supplies from the market and thereby temper the decline in prices to producers. Placement in the reserve is currently limited to 8 million hundredweights, which could be increased if the situation develops to warrant an increase. About 90,000 hundredweights have been placed to date.

The 1978/79 world rice crop is projected at a record level of 377 million metric tons. (The 1978/79 rice production represents the crops harvested in the last half of 1978 and early 1979 in the Northern Hemisphere and the crops harvested early in 1979 in the Southern Hemisphere). In general, timely rainfall resulted in larger crops in the PRC, India, Indonesia and Thailand. Ending world stocks are expected to increase to a record 25 million tons, up 16 percent from last year. The doubling of U.S. stock levels and a buildup in other world rice stocks have exerted downward pressure on prices.

Current FOB prices for commercial sales of good quality long grain rice and for PL-480 medium grain are about \$365 per ton and \$270 per ton. A year ago, these prices were \$535 and \$360 per ton, representing a price decline of 32 and 25 percent.

#### B. The Outlook for 1979/80

The outlook for the 1979-crop year in the U.S., even without an acreage adjustment program, indicates a reduction in rice plantings but a record supply because of the large stocks carried in from 1978/79. Because of the decline in rough rice farm prices and more favorable farm prices for alternative crops--mainly soybeans and in some areas grain sorghum and upland cotton--1979 rice plantings, in the absence of a set-aside or diversion program, are expected to be between 2.5 to 2.8 million acres, compared with the 3.08 million planted in 1978 and 2.26 million in 1977. The allotment acreage will remain at 1.8 million and it will be planted. The decline in plantings will be made by those with no allotment and by allotment holders who reduce their over plantings.

The magnitude of the shift from rice plantings to alternative crops will depend on farm prices for each of the individual classes of rice (long, medium and short grain rice) and alternative crops at planting time; the extent of capital investments made by both traditional and new rice producers; the extent of relative changes in production costs; the influence of landlord-tenant arrangements, the preference of producers to grow rice because of reduced production risks, and the need to maintain proper cropland rotation practices. The first indication of rice producers' intentions will be reported on January 22, 1979.

With no set-aside program, 1979 plantings are estimated at 2.7 million acres for the analysis of the options, a decline of about 11 percent from 1978 total planted acreage with most of the reduction in acreage coming from non-allotment farms. 1979 rice plantings of about 2.5 million acres would still assure adequate supplies and ending stocks even if unfavorable weather and growing conditions occurred. From 115 to 120 million hundredweights are expected to be used during 1979/80 to satisfy domestic and export requirements. It would take 2.5 to 2.6 million acres to produce 115-120 million hundredweights, so at these acreage levels stocks will remain at their current high level. See Table I for recent history of U.S. supply, use, prices and acreage.

The 1979/80 world crop could range from 362 to 380 million metric tons depending on weather and growing conditions, which compares with the current estimate of 377 million tons for 1978/79. Given these ranges of supply, the utilization of the U.S. 1979 crop is uncertain. Domestic utilization is expected to increase due to relatively low prices. However, U.S. exports, both commercial and PL-480, are highly uncertain because of weather uncertainties associated with the world crop. Weather patterns over most rice producing areas have been abnormally favorable in recent years. Historically, the balance between supply and demand in most of the rice consuming countries is fairly tenuous with imports constituting only a small portion of consumption. Any significant crop shortfall in one or two of the major importing or exporting countries could expand import demand and cause some shifts in traditional trade patterns. The current rice situation in Indonesia (the world's largest importer) is illustrative of one critical variable in the world outlook for 1979/80. Recent downward revisions in Indonesia's 1978/79 import requirements have been brought about by a record crop due to exceptionally good weather and growing conditions. In the short run, a more normal Indonesian crop in 1979/80 together with increased consumption and a policy aimed at maintaining adequate stocks should be reflected in increased import demand. Increased import demand as a result of weather related crop losses in Laos and Vietnam are expected to create demand for rice in 1979/80. However, Asian suppliers are likely to benefit from these shortfalls.

Although world rice trade has shown only modest growth in recent years, trade patterns have been undergoing significant changes. A number of the traditional rice importers, such as India and South Korea, have approached self sufficiency while others are lessening their dependence on outside supplies. Favorable weather and increasing use of modern technology are responsible for these developments. However, export sales of principally high quality long grain rice to the Middle East and certain African markets have more than offset the reduction in lower quality rice sales to other markets. The current oversupply in the world is in the lower quality medium and short grain rice varieties, those pushed as a part of the so-called "green revolution." Commercial export movement of the higher quality varieties, compared to other qualities, should be sustained and are less likely to be affected by weather variations in importing countries. Table II provides an estimate of ranges in 1979/80 world production, import requirements, U.S. exports, and ending stocks which underly the analysis.

### 3. Program Options

#### A. Set-Aside and Land Diversion Program Analysis

The law provides that the Secretary shall announce a set-aside if it is determined that the total supply would be excessive without a set-aside. If a set-aside is in effect, allotment holders must set-aside an acreage of cropland equal to the percent of the farm allotment as specified by the Secretary. But the set-aside cannot be greater than 30 percent of the farm allotment. The national acreage allotment is fixed at 1.8 million acres, and therefore, if all allotment holders participated in a 30 percent set-aside based on their allotment, they would have to set aside 540,000 acres to be eligible for program benefits. Acreage planted to rice by allotment holders or non-allotment holders cannot be limited under the set-aside provisions. Even with a set-aside, allotment holders would plant their full allotment, because the target price will be around \$9 per hundredweight, which is above the cost of production for most allotment holders, and 25 to 30 percent above the expected market price. The net return on rice is high enough relative to the expected return from alternative crops to encourage many allotment holders to plant rice in excess of their allotment. Therefore, most of the reduction in acreage planted in 1979 by allotment holders would be in crops other than rice. Non-allotment holders will reduce rice acreage and increase acreage of other crops. They are not directly affected by a set-aside or diversion program at all. The only impact of a set-aside or diversion program on non-allotment holders is indirect, through the impact such programs have on the market price of rice. And the impact of a set-aside program on the price of rice is small because allotment holders

do not reduce rice acreage appreciably because of a set-aside. In fact, if rice producers believe a set-aside will mean a higher rice price, they will plant more to rice than they would in the absence of a program. The conclusion is that a rice set-aside program is not an effective means of reducing rice acreage. It could, however, lead to a significant reduction in acreage planted by allotment holders to crops other than rice. It is expected that soybean acreage would be reduced by about 400,000 acres in the southern rice states. Acreage planted to grain sorghum in Texas and wheat and barley in California would be reduced by about 50,000 acres. The set-aside program could have a marginal impact on the potential supply for certain classes of rice since much of the reduction from the set-aside program would likely be in medium grain rice primarily in California and Louisiana.

A paid land diversion program for allotment holders may also be considered as a means of reducing supplies. Through the diversion program, plantings of rice could be limited, resulting in a more effective production adjustment program. A summary of 3 options is shown below:

#### Compared With No Set-Aside

- o U.S. acreage in 1979 is estimated about 65,000 acres (2.4 percent) lower with a 30 percent set-aside, and about 190,000 lower (7 percent) with a combined 30 percent set-aside/30 percent land diversion program.
- o Production would be about 2.6 million hundredweights (2 percent) lower with a 30 percent set-aside, and about 7.5 million hundredweights (6 percent) lower with a combined 30 percent set-aside/30 percent land diversion program.
- o The market price and utilization in 1979 is unchanged under the set-aside option, but price is up 3-4 percent and use down slightly with the combined program.
- o Ending stocks would be about 2.6 million hundredweights lower with a 30 percent set-aside, and 7.0 million lower with a 30 percent set-aside/30 percent land diversion program, but higher than a year earlier under both options.
- o CCC-owned stocks would be about 2.6 million hundredweights lower under the 30 percent set-aside, and 7.0 million lower under the combined 30 percent set-aside/30 percent land diversion program. Additional stock buildup in 1979/80 will be acquired by CCC since the private sector will not likely hold more than the 25 million hundredweights--the amount expected to be held at the end of 1978/79.
- o Gross income is estimated to be down \$18 million (2 percent) with a 30 percent set-aside and \$16 million (2

Item	1977-78	1978-79	1979-80		
			No S-A No. Div.	30% S-A No. Div.	30% S-A 30% Div. 1/
<u>Acreage (1,000 A)</u>					
Allotment	1,800	1,800	1,800	1,800	1,800
S-A	-	-	-	512	512
Diverted					253
Planted	2,261	3,080	2,700	2,635	2,510
<u>Supply-Use (Mil. Cwts)</u>					
Beginning Stocks	40.5	27.4	54.2	54.2	54.2
Production	99.2	137.8	124.4	121.8	116.9
Total Supply	139.8	165.2	178.6	176.0	171.1
Domestic Use	37.6	44.0	46.5	46.5	46.0
Export	72.8	67.0	70.4	70.4	70.4
Total Use	110.4	111.0	116.9	116.9	116.4
Ending stocks	27.4	54.2	61.7	59.1	54.7
FREE	16.4	25.0	25.0	25.0	25.0
CCC-Owned	11.0	21.2	28.7	26.1	21.7
Producer-Owned	-	8.0	8.0	8.0	8.0
<u>Prices (\$/Cwt)</u>					
Target Price	8.25	8.53	9.05	9.05	9.05
Loan Rate	6.19	6.40	6.79	6.79	6.79
Farm Price	9.43	7.50	7.00	7.00	7.25
<u>Farm Receipts (Mil.\$)</u>					
Value of Production	935.5	1,033.5	870.8	852.6	847.5
Government Payments	3.6	57.6	162.0	162.0	169.4
Gross Income	939.1	1,091.1	1,032.8	1,014.6	1,016.9
Gross Returns over Variable Costs	418.3	369.7	368.6	361.3	391.7
<u>Government Outlays (Mil.\$)</u>					
Payments	3.6	64.4	168.8	168.8	176.2
Loan Outlays	-48.6	135.6	72.4	54.7	24.9
Total	-45.0	200.0	241.2	223.5	201.1
<u>Value of Exports</u>	834.0	670.0	675.0	675.0	699.0

1/ \$115.28 per acre payment rate was used for the land diversion program.



percent) with a 30 percent set-aside/30 percent land diversion program.

- o Returns over variable costs are estimated to be down \$7.0 million (2 percent) with a 30 percent set-aside, but would be \$23 million (6 percent) higher with the combined set-aside/diversion program.
- o Government outlays are estimated to be down \$18 million (7 percent) with a 30 percent set-aside and \$40 million (17 percent) with a combined 30 percent set-aside and 30 percent land diversion program.
- o Export value is estimated to be unchanged with a 30 percent set-aside and up \$24 million (4 percent) with a 30 percent set-aside combined with a 30 percent land diversion program.
- o Costs to domestic users (cereal manufacturers and brewers) are not expected to increase with a 30 percent set-aside option but would rise 3-4 percent with a combination program. Consumer expenditures for rice are expected to be up a negligible amount, at most a cent a pound, with a combination program because of the 3 to 4 percent rise in the farm price of rice.

Weather continues as the major factor in the fluctuation in the U.S. and world crop production. U.S. yields in 1978 averaged 4,505 pounds per harvested acre, compared to the 1971 record yield of 4,718 pounds per harvested acre and the 1977 yield of 4,412 pounds per harvested acre.

The most likely 1979 yields per harvested acre for each of the options is based on trend yield adjusted for changes in planted acreage. Yield adjustments for favorable and unfavorable weather are calculated using the "Root Mean Square Error" for August 1, the beginning of the crop year. Should the high yields materialize (above 4,800 lbs.) in 1979, stocks would increase by about 12 million hundredweights (21-22 percent) over the most likely scenario for each of the options. Farm prices would decline to \$6.50 - \$6.75 per hundredweight (all below the loan and purchase rate), deficiency payments would increase, CCC inventory would increase and export earnings would decline. Such yields would represent significant increases over historical yields.

With unfavorable weather in 1979/80, stocks would be reduced about 9 million hundredweights (15-17 percent) from the "most likely" scenario for each of the options. Farm prices would range from \$7.25 to \$8.00 per hundredweight, deficiency payments would decline, there would be no stock accumulation by CCC, and export earnings would increase.

The principal argument for and against a set-aside and a set-aside combined with a land diversion payment program are:

#### PRO

- Under the 30 percent set-aside combined with a 30 percent land diversion payment program, government outlays would be about \$40 million lower compared with no set-aside and about \$18 million lower with a 30 percent set-aside.
- Returns over variable costs are slightly higher with the combined set-aside/land diversion payment program compared to no set-aside and 30 percent set-aside options.
- Export returns are slightly higher under the 30 percent set-aside combined with a 30 percent land diversion payment program.

#### CON

- The 30 percent set-aside is largely ineffective in reducing rice acreage. Allotment holders would comply by setting aside the required cropland but would maintain rice plantings and would reduce alternate crops, particularly soybeans. However, if soybean acreage were reduced by about 400,000 acres, soybean production would be reduced by about 10 million bushels resulting in slightly higher farm prices. Higher farm prices would reduce government outlays by \$10-15 million because of lower loan placements and higher redemptions.
- Both set-aside and diversion payment program options are directed exclusively to allotment holders and no adjustments are required by non-allotment holders.
- Should unfavorable weather prevail, farm prices could reach about \$8 per hundredweight under the combined set-aside and land diversion payment program. Prices at this level or higher will encourage acreage expansion, large supplies, lower prices and higher government outlays in 1980.
- Industry believes that no set-aside is required since market forces are expected to bring about necessary acreage adjustments.

#### Loan and Target Price Adjustments

The 1979 target price is the 1978 target price adjusted for any change in the two-year moving average of the

variable, machinery and overhead cost of producing rice. Based on ESCS estimated costs, the 1979 target price is estimated to be \$9.05 per hundredweight, an increase of 52 cents per hundredweight from 1978. While the Secretary may increase the target price when a set-aside is in effect, such adjustments were not made in the analysis because the higher target price increases government outlays without improving the effectiveness of the program.

The 1979 loan and purchase rate as determined by the formula in the law calculates to \$6.79 per hundredweight or 39 cents higher than 1978. The Secretary may adjust downward the loan and purchase rate to \$6.31 per hundredweight. However, this adjustment was not made in the analysis. The lower loan and purchase rate would not change export projections and would result in higher government outlays.

#### Reserve Program

A farmer-owned reserve program was announced for immediate entry with placements limited to 8 million hundredweights. To date, about 90,000 hundredweights are in the reserve. This limitation could be increased should excessive supplies develop in 1979/80.

#### 4. Public Comment

In response to the Federal Register notice, 104 comments were received concerning the set-aside program. Of these, 55 did not favor a set-aside program and 49 favored a set-aside program, with most of these favoring a 20 percent set-aside, contingent on the set-aside being applied on all rice produced. However, the legislation does not provide the Secretary with this authority. A set-aside program can only be applied to the allotment acreage. Twenty-six responses were received concerning the target price. Of these, the suggested target price ranged from \$9.04 per hundredweight up to 90 percent of rice parity which calculates to \$14.31 per hundredweight. Eight responses were received concerning the loan and purchase rate. Three stated that a loan and purchase rate of \$6.78 per hundredweight is satisfactory and would not inhibit exports. Three suggested that the loan and purchase rate be increased but did not state the levels. One response commented that the differentials on whole kernels on rice is satisfactory. One response suggested that the differentials be eliminated.

#### 5. Agency Positions

All members of the Working Group are opposed to a set-aside or paid land diversion program. Such programs are largely ineffective in bringing about adjustments in rice production, since there is so much acreage outside the control of these programs and since rice producers will tend to reduce alternative crops and try to maintain rice acreage because of the relatively high rate of return. Moreover,

if poor weather prevailed in 1979 and a set-aside or combined set-aside diversion program were in effect, supplies and ending stocks would be reduced significantly. Prices would increase leading to expanded rice acreage in 1980, which could result in reduced farm prices, higher government outlays, and increased CCC inventory.

A handwritten signature in cursive script, reading "Howard W. Hjort". The signature is written in dark ink and is positioned above the typed name.

HOWARD W. HJORT  
Acting Chairman  
Working Group on Food and  
Agricultural Policy

Attachments

Table I: RICE, ROUGH EQUIVALENT: U.S. SUPPLY, DISAPPEARANCE,  
PRICES AND ACREAGE 1/

\*\*\*\*\*

Year	:	:	:	1977	:	1978
beginning	:	1975	:	1976	:	Prelim. : Projected 2/
August 1	:	:	:	:	:	:

\*\*\*\*\*

	:	Million cwt.			
SUPPLY	:				
Beginning stocks	:	7.1	36.9	40.5	27.4
Production	:	128.4	115.6	99.2	137.8
Imports	:	3/	.1	.1	—
Supply, total	:	135.5	152.6	139.8	165.2
DISAPPEARANCE	:				
Food 4/	:	27.7	29.2	23.5	
Seed	:	3.5	3.2	4.2	
Brewers' use	:	9.1	10.3	9.9	
Domestic, total	:	40.3	42.7	37.6	44.0 ± 2.0
Exports	:	56.5	65.6	72.8	67.0 ± 5.0
Disappearance, total	:	96.8	108.3	110.4	111.0 ± 6.0
Ending stocks	:	36.9	40.5	27.4	54.2 ± 7.0
Privately owned	:	17.7	21.8	16.6	
Diff. unaccounted 5/	:	+1.8	+3.8	+2.0	
PRICES	:	Dollars per cwt.			
Average farm price	:	8.35	7.02	9.43	7.25-7.75
Average loan rate	:	8.52	6.19	6.19	6.40
Target	:	—	—	8.25	8.53
AREA	:	Thousand acres			
Allotment	:	1,803	1,800	1,800	1,800
Planted	:	2,833	2,489	2,261	3,080
Harvested	:	2,818	2,480	2,249	3,059
	:	Pounds			
Yield/harvested acre	:	4,558	4,663	4,412	4,505

\*\*\*\*\*

1/ Data apply to only major rice-producing States. Milled rice converted to rough basis at annual extraction rate. 2/ Chances are about 2 out of 3 that the final outcome would fall within the indicated range. 3/ Less than 50,000 cwt. 4/ Includes shipments to U.S. territories and rice for military food use. 5/ Results from storage, handling and processing losses.

Table II: Rice Situation: MY 1975/76-1977/78 and Projections  
For 1978/79 and 1979/80 1/  
Under Alternative Weather Assumptions.

	1975/76	1976/77	1977/78 (Prelim.)	Projected 1978/79			Projected 1979/80		
				Most Likely 1/	Alt. I	Alt. II	Most Likely 1/	Alt. I	Alt. II
-----In Million Metric Tons-----									
<b>Exports</b>									
Thailand	1.9	2.9	1.5	1.8	1.8	1.5	2.3	2.6	1.7
Burma	.6	.7	.6	.4	.4	.3	.6	.7	.5
Pakistan	.8	.9	.8	.9	.9	.8	.9	1.0	.8
Australia	.3	.3	.3	.3	.3	.3	.3	.3	.3
Italy	.4	.2	.3	.3	.3	.2	.3	.4	.2
PRC	.9	.7	1.1	1.0	1.1	1.0	1.1	1.1	1.8
All Others	1.6	2.0	1.9	2.4	2.3	3.0	2.7	2.1	3.3
Foreign	6.5	7.7	6.5	7.1	7.1	7.1	7.8	7.9	8.4
U.S.A.	1.8	2.1	2.3	2.2	2.4	2.0	2.3	2.0	2.5
World	8.3	9.8	8.8	9.3	9.5	9.1	10.3	10.2	11.1
<b>Imports</b>									
Indonesia	.8	1.5	2.3	1.2	1.1	1.2	2.2	1.9	2.5
EC-9	.9	.9	.8	.9	1.0	.8	1.0	1.1	.9
Iran	.3	.5	.5	.6	.7	.6	.7	.6	.8
Iraq	.2	.3	.2	.2	.3	.2	.3	.4	.3
Malaysia	.1	.1	.2	.5	.5	.5	.2	.1	.3
Saudi Arabia	.1	.2	.3	.3	.4	.3	.4	.5	.4
Hong Kong	.3	.4	.4	.4	.4	.4	.4	.4	.4
Senegal	.2	.2	.3	.2	.3	.2	.2	.2	.3
Nigeria	.2	.01	.3	.3	.3	.2	.3	.3	.4
Malagasy Rep.	.1	.1	.2	.2	.3	.2	.3	.4	.3
All Others	5.2	5.5	5.3	4.5	4.2	4.5	4.3	4.3	4.5
World	8.3	9.8	8.8	9.3	9.5	9.1	10.3	10.2	11.1
<b>Production</b>									
PRC	126.5	125.5	126.5	130.0	133.8	126.3	131.0	134.8	127.2
India	73.2	64.2	79.1	80.3	85.8	74.8	76.0	81.5	70.5
Indonesia	22.3	23.3	22.8	26.0	27.0	25.0	25.4	26.4	24.4
Thailand	15.2	15.8	15.0	15.5	16.3	14.7	16.1	16.9	15.3
Japan	16.5	14.7	16.4	15.7	16.9	14.6	14.5	15.7	13.3
Bangladesh	19.2	17.6	19.3	19.4	20.6	18.2	18.8	20.0	17.7
All Others	81.8	82.5	82.7	83.0	84.4	81.8	84.0	86.3	81.7
Foreign	354.7	343.6	361.8	370.0	374.0-366.0		365.8	373.9-357.7	
U.S.A.	5.8	5.4	4.5	6.5	7.0	6.0	5.5	6.0	5.0
World	360.5	349.0	366.3	376.5	381.0-372.0		371.3	379.9-362.7	
<b>Consumption</b>									
India	45.8	44.3	49.5	52.0	54.7	49.3	50.0	52.7	47.3
Bangladesh	12.9	12.3	12.9	13.1	13.8	12.4	12.8	13.5	12.1
PRC	85.3	84.6	84.9	87.4	90.0	84.8	92.7	95.3	90.1
Japan	10.7	10.6	10.3	10.6	10.7	9.7	10.6	11.1	10.1
Brazil	5.0	5.3	5.6	5.7	6.1	5.3	5.9	6.0	5.8
All Others	75.3	77.8	78.3	81.0	82.7	80.1	83.0	84.3	81.7
Foreign	235.0	234.9	241.5	249.8	251.7-242.7		255.0	260.5-250.5	
U.S.A.	1.4	1.5	1.3	1.4	1.5	1.3	1.5	1.6	1.4
World	236.4	236.4	242.8	251.2	253.2-244.0		256.5	261.6-251.4	
<b>Ending Stocks</b>									
U.S.A.	1.2	1.3	.9	1.8	1.7	1.9	2.0	2.5	1.5
Non-U.S.A.	16.3	15.7	20.4	23.0	23.2	24.6	15.1	15.2	14.9
Total World	17.5	17.0	21.3	24.8	24.9	26.5	17.1	17.7	16.4

1/ Marketing years for trade, production and consumption represent aggregates of different local marketing years and will therefore not necessarily agree with data as published in the FC series. (Production figures are on a rough basis; trade and stocks data are milled basis.)

NOTE: Alternative I assumes generally favorable weather conditions worldwide. Alternative II assumes unfavorable conditions.

Revised December 8, 1978  
Commodity Programs, FAS/USDA

TABLE III: RICE Supply-Demand Estimates and Prices

No Required Set-Aside  
No Land Diversion Program

Item	1977	1978	1979	FAVORABLE WEATHER	LIKELY MID-RANGE	UNFAVORABLE WEATHER
<u>Acreage (1,000 A)</u>						
Allotment "	1,800	1,800	1,800			
S-A (Reg.) "	-	-	-			
Land Div. "	-	-	-			
Planted "	2,261	3,080	2,700			
Harvested "	2,249	3,059	2,690			
Yield/Harv. (lb.)	4,412	4,505	4,625	4,829		4,421
Program Yield	4,620	4,613	4,595			
Carryin (mil. cwt.)	40.5	27.4	54.2			
Production "	99.2	137.8	124.4	129.9		118.9
Supply "	139.8	165.2	178.6	184.1		173.1
Domestic Use "	37.6	44.0	46.5	48.5		44.5
Exports "	72.8	67.0	70.4	61.2		76.5
Total "	110.4	111.0	116.9	109.7		121.0
Carryout "	27.4	54.2	61.7	74.4		52.1
FREE "	16.4	25.0	25.0	30.0		22.9
CCC-Owned "	11.0	21.2	28.7	36.4		21.2
Producer-Owned "	-	8.0	8.0	8.0		8.0
<u>Prices (\$/Cwt)</u>						
Target Price	8.25	8.53	9.05			
Loan Rate	6.19	6.40	6.79			
Farm Price	9.43	7.50	7.00	6.50		7.25
Value of Prod. (Mil.\$)	935.5	1,033.5	870.8	844.3		862.0
<u>Outlays (Mil. \$)</u>						
Deficiency Payments	-	56.8	161.1	172.0		141.4
Diversion Payments	-	-	-	-		-
Disaster Payments	3.6	.8	.9	.9		3.8
Storage Payments	-	6.8	6.8	6.8		6.8
Loan & Inventory	-48.6	135.6	72.4	124.7		21.5
TOTAL	-45.0	200.0	241.2	304.4		173.5

TABLE IV: RICE Supply-Demand Estimates and Prices

30% Required Set-Aside 65,000 Ac.  
No Land Diversion Program

Item	1977	1978	1979	FAVORABLE WEATHER	LIKELY MID-RANGE	UNFAVORABLE WEATHER
<u>Acreage (1,000 A)</u>						
Allotment "	1,800	1,800	1,800			
S-A (Reg.) "	-	-	512			
Land Div. "	-	-	-			
Planted "	2,261	3,080	2,635			
Harvested "	2,249	3,059	2,625			
Yield/Harv. (lb.)	4,412	4,505	4,640	4,844		4,436
Program Yield	4,620	4,613	4,595			
Carryin (mil.cwt.)	40.5	27.4	54.2			
Production "	99.2	137.8	121.8	127.2		116.4
Supply "	139.8	165.2	176.0	181.4		170.6
Domestic Use "	37.6	44.0	46.5	48.5		44.5
Exports "	72.8	67.0	70.4	61.2		76.5
Total "	110.4	111.0	116.9	109.7		121.0
Carryout "	27.4	54.2	59.1	71.7		49.6
FREE "	16.4	25.0	25.0	30.0		20.4
CCC-Owned "	11.0	21.2	26.1	33.7		21.2
Producer-Owned	-	8.0	8.0	8.0		8.0
<u>Prices (\$/Cwt)</u>						
Target Price	8.25	8.53	9.05			
Loan Rate	6.19	6.40	6.79			
Farm Price	9.43	7.50	7.25	6.50		7.50
<u>Value of Prod. (Mil. \$)</u>	935.5	1,033.5	852.6	826.8		873.0
<u>Outlays (Mil. \$)</u>						
Deficiency Payments	-	56.8	161.1	172.0		121.8
Diversion Payments	-	-	-	-		-
Disaster Payments	3.6	.8	.9	.9		3.8
Storage Payments	-	6.8	6.8	6.8		6.8
Loan & Inventory	-48.6	135.6	54.7	106.3		21.5
TOTAL	-45.0	200.0	223.5	286.0		153.9



TABLE V: RICE Supply-Demand Estimates and Prices

30% Required Set-Aside 65,000 Acres  
30% Land Diversion Program 125,000 A.

Item	1977	1978	1979	FAVORABLE WEATHER	LIKELY MID-RANGE	UNFAVORABLE WEATHER
<u>Acreage (1,000 A.)</u>						
Allotment "	1,800	1,800	1,800			
S-A (Reg.) "	-	-	512			
Land Div. "	-	-	253			
Planted "	2,261	3,080	2,510			
Harvested "	2,249	3,059	2,500			
Yield/Harv. (lb.)	4,412	4,505	4,675	4,881		4,469
Program Yield	4,620	4,613	4,595			
Carryin (mil. cwt.)	40.5	27.4	54.2			
Production "	99.2	137.8	116.9	122.0		111.7
Supply "	139.8	165.2	171.1	176.2		165.9
Domestic Use "	37.6	44.0	46.0	48.5		44.5
Exports "	72.8	67.0	70.4	61.2		76.5
Total "	110.4	111.0	116.4	109.7		121.0
Carryout "	27.4	54.2	54.7	66.5		44.9
FREE "	16.4	25.0	25.0	28.0		15.9
CCC-Owned "	11.0	21.2	21.7	30.5		21.2
Producer-Owned	-	8.0	8.0	8.0		8.0
<u>Prices (\$/Cwt.)</u>						
Target Price	8.25	8.53	9.05			
Loan Rate	6.19	6.40	6.79			
Farm Price	9.43	7.50	7.25	6.75		8.00
Value of Prod. (Mil.\$)	935.5	1,033.5	847.5	823.5		893.6
<u>Outlays (Mil. \$)</u>						
Deficiency Payments	-	56.8	141.4	172.0		82.5
Diversion Payments	-	-	27.1	27.1		27.1
Disaster Payments	3.6	.8	.9	.9		3.8
Storage Payments	-	6.8	6.8	6.8		6.8
Loan & Inventory	-48.6	135.6	24.9	84.6		21.5
TOTAL	-45.0	200.0	201.1	291.4		141.7

# Executive Grant of Clemency

To all to whom these presents shall come, Greeting:

WHEREAS Patricia Campbell Hearst was convicted in the United States District Court for the Northern District of California on an indictment (No. CR-74-364) charging violation of Sections 2113(a) and (b) and 924(c)(1), Title 18, United States Code, and on September twenty-fourth, 1976 was sentenced to seven years' imprisonment; and

WHEREAS the aforesaid conviction was affirmed on appeal; and

WHEREAS the said Patricia Campbell Hearst has served approximately twenty-three months of the aforesaid sentence; and

WHEREAS the said Patricia Campbell Hearst is confined in the Federal Correctional Institution, Pleasanton, California, and will not become eligible for parole until July eleventh, 1979, and will be eligible for release therefrom with credit for statutory good time on May eighth, 1982; and

WHEREAS the said Patricia Campbell Hearst was convicted in the Superior Court of the State of California for the County of Los Angeles on an information charging violation of Penal Code Sections 211 and 245(a) and on May ninth, 1977 was placed on five years' probation; and

WHEREAS it appears that the ends of justice do not require that the aforesaid Federal sentence of seven years' imprisonment be served in its entirety; and

WHEREAS it appears that a commutation of the aforesaid Federal prison sentence to two years, four months and ten days' imprisonment would cause the sentence to expire full term on July twenty-first, 1979, and would establish the mandatory release date of the said Patricia Campbell Hearst on February first, 1979:

NOW, THEREFORE, BE IT KNOWN, that I, Jimmy Carter, President of the United States of America, in consideration of the premises, divers other good and sufficient reasons me thereunto moving, do hereby commute the aforesaid Federal prison sentence to two years, four months and ten days' imprisonment upon the condition that the said Patricia Campbell Hearst shall not leave the limits of the Continental United States without permission of the Attorney General or his designee, shall not violate any criminal law nor associate with persons engaged in criminal activity, shall not associate with persons who have a criminal record, shall not have firearms (or other dangerous weapons) in her possession, shall submit to such supervision as the Attorney General or his designee may determine to be appropriate and shall obtain his approval for the modification or termination of any of the foregoing conditions, which, unless sooner terminated by the Attorney General, shall remain in effect for one year from the date hereof, and if any of the aforesaid conditions is not fulfilled, this commutation may be voided in its entirety and the said Patricia Campbell Hearst shall be recommitted under the original judgment of conviction to a penal institution designated by the Attorney General and remain until the sentence of seven years' imprisonment imposed in the Northern District of California

on September twenty-fourth, 1976, shall have been served by her in accordance with law or until she is otherwise released in accordance with law.

IN TESTIMONY WHEREOF I have hereunto signed my name and caused the seal of the Department of Justice to be affixed.

DONE at the City of Washington this

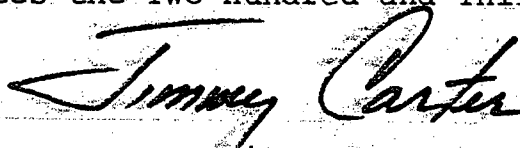
day of

in the year of our Lord One Thousand

Nine Hundred and Seventy-nine

and the Independence of the United

States the Two Hundred and Third.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned above the printed name and title.

Jimmy Carter  
President

THE WHITE HOUSE  
WASHINGTON

1/29/79

Bob Lipshutz  
Jody Powell

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

January 27, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: BOB LIPSHUTZ *BL*  
PATRICK APODACA *PA*

RE: Executive Clemency for Patricia C. Hearst

Following an extensive review of the case, the Deputy Attorney General has formally submitted his recommendation to you concerning the above matter. (Tab A). Patricia Hearst, 24, has applied for a commutation of a seven-year sentence imposed following her federal conviction on March 20, 1976, of armed robbery and the use of a firearm to commit a felony. These crimes stem from her widely publicized participation in 1974 in a San Francisco bank robbery with members of a terrorist group styling themselves as the Symbionese Liberation Army (SLA).

Her sentence will expire on March 10, 1984, and she would be mandatorily released in May, 1982. Further, she will become eligible for parole on July 11, 1979. With the exception of the period from November, 1976, to May, 1978, (when she was released on appeal bond), she has been under continuous custody since her apprehension in September, 1975, and has served approximately 23 months of her sentence.

BACKGROUND OF CASE

In February, 1974, petitioner, then a 19 year old college student, was kidnapped at gunpoint from her Berkeley, California, apartment by members of the SLA. At her trial, petitioner explained the violent kidnapping and the ensuing two-month captivity, described in the Justice report as an "emotional ordeal characterized by brutal treatment which was humiliating, degrading and physically painful."

Her kidnappers slugged her in the cheek with a gun butt, blindfolded her, threw her in the trunk of an automobile and took her to an unknown place where she was imprisoned in a small closet for about eight weeks. For the first few days of her captivity she was extensively interrogated and was not given first aid for her painfully swollen cheek. She was told that the SLA recently murdered the superintendent of Oakland Schools, and that her fate would be the same if she gave her captors provocation. She was later moved in a garbage can to a different location and again placed in a closet. She testified of two instances of rape and one of sexual abuse. The threat of death was constantly reiterated and she was repeatedly told her parents had abandoned her. In April, 1974, she was finally released from the closet but told she would participate in a bank robbery or would be killed. Petitioner also testified that after the robbery she believed the FBI might kill her and that if she attempted to contact her parents she would be killed or her family seriously harmed. The petitioner's testimony is the only account of her captivity, but according to the Justice report there is no reason to doubt its truthfulness.

Approximately two months after her kidnapping, in a taped message, she repudiated her former life style and said she was determined to "stay and fight" beside her captors. The San Francisco bank robbery followed soon after and, in another SLA taped communique, petitioner acknowledged that as a member of the group she had willingly participated in the bank robbery for terrorist purposes.

Prior to her participation in this bank robbery, she had no criminal record. Following this event and up until the time of her apprehension, she admits involvement in a series of criminal activities with other SLA members. In May, 1974, she was involved with William and Emily Harris (two of her kidnappers) in a robbery of a sporting goods store in Los Angeles and a kidnapping and car theft committed with them during the ensuing flight. In a state court prosecution she pleaded guilty to assault with a deadly weapon and robbery and was sentenced to five years probation by the Los Angeles County Superior Court. After her apprehension she cooperated fully with the authorities in their investigation of the SLA; she freely admitted to law enforcement officials her involvement in other SLA offenses for which she was not prosecuted.



Following a two-month jury trial in early 1976 in the United States District Court for the Northern District of California, she was found guilty and sentenced in September, 1976, after undergoing a court ordered observation. After two unsuccessful motions for a new trial, petitioner's appeal to the U.S. Court of Appeals for the Ninth Circuit was considered and rejected. The Supreme Court subsequently denied her petition for a writ of certiorari. Following the exhaustion of appellate remedies, her attorney unsuccessfully sought a motion from the court to vacate her sentence or to reduce it.

#### MERITS OF THE CASE AND RECOMMENDATIONS

Patricia Hearst's petition submits that the state of our law is not equipped to deal with the unusual circumstances of this case and that executive clemency is justified because "there has in substance been a miscarriage of justice." The Deputy Attorney General believes, and we agree, that her trial was fair and that there has been no miscarriage of justice. Nevertheless, several unique features of this case do justify clemency.

The only issue of fact at petitioner's trial was whether she had the requisite intent to commit the crime. She alleged that she did not intend to participate but did so only under the threat of bodily harm. The facts relied upon as a duress defense, although rejected by the jury in determining her guilt, provide a strong argument for leniency. These include her kidnapping, subsequent captivity and abusive treatment by the SLA and psychiatric testimony concerning her mental condition during her association with the SLA.

The record contains very extensive, but conflicting psychiatric evaluations of petitioner's state of mind throughout her episode. There is expert testimony that she was a victim of coercive persuasion or "brainwashing". On the other hand, government psychiatrists testified that in their opinion she had voluntarily committed the bank robbery. Without in any way impeaching the jury's determination, the Deputy Attorney General cites as a principal reason for his clemency recommendation, "that it is the consensus of all of those most familiar with this case that but for the extraordinary criminal and degrading experiences that petitioner suffered as a victim of the SLA she would not have become a participant in the criminal acts for which she stands convicted and sentenced and would not have suffered the punishment and other consequences she has endured."

In addition, the Justice report also cites other substantial reasons for a clemency recommendation, with which we agree: (1) The petitioner needs no further rehabilitation, and it is the consensus of all involved in her proceedings and confinement that she is no risk to the community and that, on the contrary, she will be a law abiding citizen. (2) She has cooperated with federal and state law enforcement authorities in providing much useful information about the SLA, despite the personal risk to her. (3) Prosecutive and law enforcement officers most familiar with her case have strongly recommended that her sentence be commuted and that she be released. (4) She has already been punished substantially by serving almost two years of incarceration and her release will not end the suffering she will experience from the invasions of her privacy and the sensational and embarrassing commercial exploitation of her experiences.

Finally, it should be pointed out that Patricia Hearst --the kidnap victim of the SLA -- is the only individual serving a federal sentence for an SLA crime. Emily and William Harris are presently serving sentences imposed by county courts for crimes related to the kidnapping of Patricia Hearst and the 1976 robbery of the sporting goods store in Los Angeles. The Harrises will become eligible for parole in 1980 and, while not likely, it is possible that they would be released while their kidnap victim is still in prison.

#### OPTIONS

1. Deny any clemency. Petitioner would be eligible for parole on July 11, 1979, and likely to be released on or about that date. We and Justice do not recommend.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

2. Commute petitioner's sentence to approximately 1/3 of the original 7-year sentence, which would effect her immediate release. By commuting the 7-year sentence to 2 years, 4 months and 10 days it would expire in July, 1979; and she would be released on February 1, 1979, because of good time allowance earned. We and Justice recommend this option.

APPROVE ✓ \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

*[Handwritten signature]*




3. Assuming you elect to commute her sentence, the final question to be resolved is whether or not her release should be subject to "parole-like conditions". Although Justice does not discuss any of its reasons for recommending such conditions, the Deputy Attorney General does recommend that they be applicable to this case.

On the other hand, we recommend that the commutation not be subject to such conditions for the following reasons, all of which are stated in the conclusions of the Justice Department to its recommendation of clemency: (1) Petitioner needs no further rehabilitation; (2) she is no risk to the community and, on the contrary, will be a law abiding citizen; and (3) petitioner has been punished substantially . . . and her release will not end the suffering she will experience from the invasion of her privacy and the sensational and embarrassing commercial exploitation of her experiences.

APPROVE "parole-like  
conditions"

✓  
(Justice recommends)  
(Sign Warrant, Tab B)



APPROVE (commute with-  
out such conditions)

(Lipshutz/Apodaca  
recommend)  
(Sign Warrant, Tab C)